

ASX Release

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Southern Crown
Resources Limited

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Issued Shares and Options:

Shares: 64.5 million
Unlisted options: 3 million

ASX Code: **SWR**

SWR to Acquire Yojee – A Comprehensive Sharing-Economy Logistics Ecosystem

- SWR to acquire 100% of Asia Pacific focused logistics sharing-economy technology company, Yojee.
- Yojee is planning to rapidly grow its logistics network concept in the region.
- Yojee is developing a global logistics sharing-economy technology platform in a similar model used by other sharing-economy enterprises.
- Yojee aims to reach further and deeper into logistics, at a fraction of the cost of existing providers whilst reducing the carbon footprint and creating employment opportunities in local communities and business expansion opportunities not supported by existing logistics providers and technology.
- Yojee seeks to capitalise on the substantial number and magnitude of free trade agreements signed by Australia in 2015 presenting significant opportunities to both manufacturers and online retailers who currently don't have access to a viable logistics regional network.

Southern Crown Resources Ltd ("**Southern Crown**" or the "**Company**") is pleased to announce that it has executed a conditional exclusive agreement for an option to acquire 100% of the global logistics sharing-economy technology concept company, Yojee Pty Ltd ("**Yojee**") (the "**Transaction**").

Background on Yojee

Yojee is a company focused on developing a logistics sharing-economy technology seeking to change the logistics industry with the creation of the Yojee delivery network and cloud based software platform, focussing initially on the Asia Pacific region. Yojee was founded on the basis that:

- Opportunities in e-commerce are growing at a rapid rate;
- the global population is embracing the sharing-economy; and
- logistics companies have not adapted to the changing nature of consumerism.

Yojee is focused on developing a technology software platform, via the power of the sharing-economy, that builds a solution to redefine the ageing and segmented logistics industry that has struggled to keep up with the e-commerce boom. The success of Yojee is intended to be achieved by the efficiency, capabilities and user experience of the software ecosystem using big data, cloud infrastructure and easy to use customer interfaces.

The Sharing-Economy Explained

The sharing economy is a model built around the sharing and pooling of resources between peers and businesses. The sharing-economy has proven especially successful when the price of a particular asset is high and the asset is not fully utilized all the time. Examples of prominent sharing-economy businesses include AirBnB in the rental and holiday accommodation space, Uber in passenger transport and AliBaba as a pooled online marketplace. This philosophy is particularly interesting for its ability to expand globally at rapid pace leveraging these shared resources.

Yojee delivery network

The Yojee founders have strong experience in the development of e-commerce businesses. By tapping into both the business sender network and the carriers currently struggling to meet the needs or even find and capture business off these growth companies and gain additional volume within their freight operations.

Yojee's unique synergistic and complementary multiple-segment capabilities will mean entrepreneurial businesses can both join instantly as a carrier or utilise the technology for significantly enhancing their existing logistics arrangements and go to market capabilities.

The ability to generate both supply and demand on the sharing-economy platform means that the network could be used by businesses to generate growth without capital expenditure, meaning growth is limited only to the continued pervasive adoption and not the financial capability of the business to make significant capital outlays required to otherwise acquire vehicles and buildings necessary for slow incremental growth in the traditional logistics network model.

Yojee Business model

Yojee has secured the exclusive licence to utilise the source code developed in Singapore that will underpin its platform, currently in the development phase. Subject to completion of the Transaction, Yojee will focus on building its technology platform and identifying and securing cornerstone customers for the business.

Yojee's business model will focus on bringing together individuals and businesses who require to send parcels, items and bulk deliveries. Its platform will enable those businesses and individuals to send requests to carriers, who can be independent or representing multi-vehicle logistics companies, and manages the routing and hand-over for local, cross border and International delivery of those parcels, items or bulk deliveries.

Through the development phase, Yojee is evaluating a number of both traditional and new pricing models for its platform, however participation as both a sender and a carrier will be free, much the same as other sharing-economy platforms such as Uber, AirBnB and AliBaba.

Regional Logistics Market Opportunity

The global logistics market is expected to grow 6.8% year on year through to 2018¹, with the annual revenue of the Australian logistics market alone of \$101bn and annual growth from 2011-16 averaging 2.9% which is expected to increase to 3.1% through 2021². Malaysia and Indonesia have been identified amongst the worlds fastest growing Logistics markets in the world. Malaysia was a \$45bn logistics market growing at over 10% year on year, whilst Indonesia's logistics market is estimated at \$29bn with year on year growth at almost 15%.³

¹<http://www.prnewswire.com/news-releases/global-contract-logistics-market-2014-2018---market-to-grow-at-a-cagr-of-68-300095357.html>

² <http://www.ibisworld.com.au/industry/default.aspx?indid=1920>

³ <http://www.frost.com/prod/servlet/press-release.pag?docid=272401642>

The rise in e-commerce purchasing is also happening at booming pace, with South East Asia leading the world at almost 38% CAGR, whilst Australia's more mature and penetrated market is still growing at almost 15% year on year. With booming growth in B2C consumption greater efficiencies are required in logistics to manage and support both the rapid increase in the number of small to medium businesses and the manner and cost in which things are delivered requiring greater efficiency and vehicle capacity optimisation.⁴

Conditions Precedent to Transaction

The Transaction is subject to the satisfaction (or waiver) of the following conditions precedent:

- Southern Crown obtaining and complying with all shareholder and regulatory approvals required including re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
- Southern Crown and Yojee each conducting due diligence enquiries to their satisfaction;
- execution of share sale agreement with each of the shareholders of Yojee;
- completion of a capital raising, pursuant to a prospectus, to raise not less than \$2,500,000 at a minimum price of \$0.02 per share;
- the Company receiving conditional approval from ASX to the re-instatement to ASX on the basis of the Transaction;
- there being no material adverse change in respect of Southern Crown and Yojee;
- the parties obtaining any governmental and third party consents, approvals or waivers required for completion of the Transaction; and
- none of the warranties provided by Yojee becoming untrue, incorrect or misleading, prior to completion.

Transaction Consideration

The Company will pay a \$50,000 option fee to secure the exclusive right to conduct due diligence on Yojee. The consideration for the exercise of the option is \$250,000, payable upon the Company agreeing to exercise the option and the formal agreement being entered into.

As consideration for the acquisition of 100% of Yojee, the Company will issue the following securities to the shareholders of Yojee (**Consideration Securities**):

- 150 million shares (**Consideration Shares**);
- 100 million unlisted options (exercisable at \$0.02; expiring 5 years from issue) (**Consideration Options**);
- 200 million performance shares based on achievement of the following milestones (**Performance Shares**):
 - 50 million Class A Performance Shares – upon Yojee achieving \$3 million consolidated revenue within 36 months of completion of the transaction or upon Yojee launching the Yojee operational platform on two of the Andriod, IOS or Desktop devices and the 20 day volume weighted average price ("vwap") of the Shares trading at \$0.20 or higher;
 - 50 million Class B Performance Shares – upon Yojee achieving \$5 million consolidated revenue within 48 months of completion of the transaction or upon Yojee launching the Yojee operational platform on two of the Andriod, IOS or Desktop devices and the 20 day vwap of the Shares trading at \$0.20 or higher;
 - 50 million Class C Performance Shares – upon Yojee achieving \$7 million consolidated revenue within 54 months of completion of the transaction or upon Yojee launching the Yojee operational platform on two of the Andriod, IOS or Desktop devices and the 20 day vwap of the Shares trading at \$0.20 or higher;
 - 50 million Class D Performance Shares – upon Yojee achieving \$10 million consolidated revenue within 60 months of completion of the transaction or upon Yojee launching the Yojee operational platform on two of the Andriod, IOS or Desktop devices and the 20 day vwap of the Shares trading at \$0.20 or higher.

⁴ <http://www.frost.com/prod/servlet/press-release.pag?docid=272401642>

Board and Management Changes

It is proposed that on Completion of the Transaction two new Directors, to be nominated by Yojee, will join the Board of Southern Crown. One of the new Directors will be Ms Shannon Robinson, who will be appointed as a non-executive Director effective on execution of formal agreements. Two of the existing Directors of the Company will resign.

Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The Transaction will constitute a change to the nature and scale of the Company and will require shareholder approval under Chapter 11 of the ASX Listing Rules. The Transaction will also require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Company will send a Notice of Meeting to call a General Meeting of the Company including an Explanatory Memorandum to shareholders, which will include further details about the Transaction and seek approval for the Transaction.

Name Change

On Completion the Company will seek to change its name to "Yojee Limited".

Indicative Capital Structure

The following table sets out the indicative capital structure of the Company following Completion.

	Shares
Existing Shares	64,501,482
Consideration Shares ¹	150,000,000
Capital Raising Shares	125,000,000
Total	339,501,482

^{1.} In addition, 100 million unlisted options (\$0.02; 5 years) and 200 million Performance Shares, convertible to ordinary shares on the milestones set out above, will be issued as part of consideration of the Transaction.

^{2.} The Company also currently has 500,000 unlisted options (\$0.25; 2 June 2016), 500,000 unlisted options (\$0.35; 2 June 2016) and 2,000,000 unlisted options (\$0.12; 31 March 2017) on issue.

Further details of the assets proposed to be acquired will be provided following completion of the due diligence period including information about the likely effect of the transaction on Southern Crown's total assets, total equity interests, annual revenue and annual expenditure.

Indicative Timetable

The following table sets out an indicative timetable for the Transaction. This timetable is subject to change without prior notice.

Event	Week commencing
Execution of Formal Agreements	18 January 2016
Notice of Meeting dispatched to shareholders of the Company	25 January 2016
Lodge Prospectus with ASIC and ASX	15 February 2016
Offer opens	15 February 2016
Extraordinary General Meeting of the Company to approve the Transaction	29 February 2016
Close of offer under Prospectus	7 March 2016
Satisfaction of ASX re-compliance conditions and readmission to the Official List of ASX	28 March 2016

For further information please contact:

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About Yojee:

Yojee is a Technology Platform that utilises the sharing economy to create deeper reaching and more cost and energy efficient logistics network across the Asia Pacific Region. Yojee invites you to join our shared economy by registering your interest at investor@yojee.com.au

About Southern Crown Resources Limited

Southern Crown Resources Limited has a gold exploration project located in far north Queensland. The Board of Directors has a strong mix of technical, financial and corporate skills and is evaluating both resources and technology opportunities in Australia and overseas that could complement the existing portfolio and have the potential to add shareholder value.

Forward Looking Statement Assumptions

Some of the statements appearing in this announcement are in the nature of forward looking statements. You should be aware that such statements are only predictions and are based on assumptions of the Board of the Company concerning, among other things, the Transaction and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which the Company and Yojee intends to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of the Company or its officers or any person involved in the preparation of this announcement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect the Company's Board's views held only as at the date of this announcement.